

VZCZCXYZ0063  
PP RUEHWEB

DE RUEHSN #1764 2471937  
ZNY CCCCC ZZH  
P 041937Z SEP 07  
FM AMEMBASSY SAN SALVADOR  
TO SECSTATE WASHDC PRIORITY 7674

C O N F I D E N T I A L SAN SALVADOR 001764

SIPDIS

NOFORN  
SIPDIS

WHA/CEN FOR SCRAIG

E.O. 12958: DECL: 09/04/2017  
TAGS: [ES](#) [PGOV](#) [PREL](#)  
SUBJECT: ALLEGATIONS OF CORRUPTION IN SACA INNER CIRCLE  
RESURFACE

REF: SAN SALVADOR 01623

Classified By: Classified by Ambassador Charles L. Glazer for reasons 1  
.4(b) and (d).

11. (C/NF) Summary: On August 28, Oscar Bonilla, the President of the cabinet-level National Council on Public Security, told the Ambassador that he has proof that key advisors to President Saca are corrupt, and offered details of an alleged multi-million dollar bribery scheme centering on electrical utility construction projects in La Union department. Bonilla also offered his opinion on President Saca's preferences for the 2009 Presidential elections, and hinted at divisiveness within ARENA ranks over potential presidential candidates. Although Bonilla is well placed to comment on issues in the energy industry, some aspects of his account seem off, and we await further evidence before arriving at conclusions. End summary.

12. (C/NF) The Ambassador had a private, one-on-one lunch with National Council on Public Security President Oscar Bonilla on August 28. During the lunch, Bonilla told the Ambassador that he has proof that two key members of President Saca's inner circle are involved in ongoing corruption. Bonilla indicated that two Saca insiders accepted bribes of upwards of \$2 million USD from a member of a prominent Salvadoran business family in return for awarding his company contracts for electrical utility construction work in La Union department. (Note: Given the close, multi-layered, interlocking relationships between Salvadoran business clans, mission finds it a bit difficult to believe that individuals from one of these powerful groups would need to resort to something as clumsy as overt bribery to secure a contract award. The movers and shakers in Salvadoran business clans have sophisticated, less obvious means at their disposal to cut deals and divide spoils. End note.) After further discussion of the alleged corruption, Bonilla promised to pass along proof of his allegations in the near future. Bonilla went on to indicate his strong concern that corruption close to President Saca could prove harmful not just to ARENA, but to the Salvadoran political process as well.

13. (C/NF) Bonilla also offered his opinion of President Saca's preferences in terms of ARENA candidates for the 2009 Presidential elections. He told the Ambassador that President Saca prefers current Minister of Public Security and Justice Rene Figueroa. (Note: Recent local press reports, all to date unconfirmed, state that Figueroa has taken himself out of the running for the ARENA presidential candidacy. End note). Bonilla then noted that the Salvadoran business class favors Minister of Foreign Affairs Francisco Lainez. Bonilla indicated that there is a strong divide within ARENA ranks over the party's candidate for the 2009 elections, and offered his opinion that, if a clash

comes, the business class will get their way. (Note: Bonilla's take on preferred candidates tracks with what mission has heard from others. His assertion that the business class will win an intra-ARENA clash with Saca over presidential candidates, however, appears to be a bit more speculative. End note).

¶4. (C/NF) Comment: In the wake of the resignation of Technical Secretary Eduardo Zablah (see reftel), troubling allegations of high-level corruption continue to swirl around the Saca administration. As a former board member of the energy-sector regulatory agency, CEL, Bonilla is well-placed to understand issues in that sector. The fact that Bonilla, a well-respected center-left technocrat who is philosophically comfortable working with an ARENA government opted to personally share specific allegations of corruption with the Ambassador suggests that the persistent presence of smoke may well in this particular instance indicate fire. Regardless of the veracity of Bonilla's claims, lingering rumors of corruption within President Saca's inner circle feed growing public perceptions of arrogance and self-serving financial machinations within ARENA ranks. Although ARENA's strong standing on public security issues and track-record of mutually-beneficial cooperation with the USG suggests that the upcoming Presidential elections are theirs to lose, persistent allegations of high-level Saca administration corruption cast a sobering shadow over ARENA's 2009 electoral prospects. End comment.

¶5. (C/NF) Embassy will follow up on Bonilla's allegations of corruption, examine any evidence he presents, and report accordingly.  
Glazer